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**Comments of the Snake River Alliance  
On Idaho Power Company's 2013 Integrated Resource Plan (IRP)  
Submitted by  
Ken Miller, Clean Energy Program Director, Snake River Alliance**

**November 6, 2013**

The Snake River Alliance appreciates the opportunity to submit these comments to the Idaho Public Utilities Commission in docket IPC-E-13-15, Idaho Power Company's 2013 Integrated Resource Plan (IRP), on behalf of its members, many of whom are customers of Idaho Power.

The Snake River Alliance (Alliance) is an Idaho-based non-profit organization, established in 1979 to address Idahoans' concerns about nuclear waste and safety issues. In early 2007, the Alliance expanded the scope of its mission by launching its Clean Energy Program. The Alliance's energy work includes advocacy for renewable energy resources in Idaho; expanded energy efficiency, demand response and other demand-side management programs offered by Idaho's regulated utilities and the Bonneville Power Administration; and development of local, state, regional, and national initiatives to advance sustainable energy policies.

The Alliance commends Idaho Power for its ongoing progress in making the IRP Advisory Council (IRPAC) process increasingly transparent and accessible to the public. We would like to see a greater and more diverse public participation in IRPAC meetings, however, and believe that if Idaho Power were to more actively promote or publicize its IRPAC meetings, more of its customers might attend and participate. Given that most of Idaho Power's customers cannot attend these meetings due to their work schedules, we recommend that Company also more creatively explore methods to increase public participation. Nonetheless, Idaho Power deserves credit for allowing the public to participate in a more conversational manner during the course of the IRPAC meetings. The process of developing an IRP seems to improve with each Plan.

The Alliance recommends that the Commission accept Idaho Power's 2013 IRP, but not without modifications as outlined below. We are disappointed that Idaho Power did not have an opportunity to adjust this IRP to future load and other conditions that have changed since the submittal of this IRP. It should be clear to the Commission that Idaho Power has overbuilt its supply-side resources while compromising some of its demand-side resources (such as demand response programs) as a result. We believe that emphasizing thermal power production resources while shutting down demand response resources sends the wrong message to customers, and raises questions about the Company's commitment to reducing its greenhouse gas emissions.

## **PREFERRED PORTFOLIO**

With exceptions that will not come as a surprise the Commission, The Alliance believes that a portfolio that relies primarily on market purchases, chiefly from the proposed Boardman-Hemingway transmission line, and also added demand response programs to alleviate future peak demand issues is appropriate – at least for the time being and assuming the Company is committed to an increase of its demand response programs. For reasons outlined below, the Alliance opposes Idaho Power's proposed investments of ratepayer dollars in its coal plants without knowing whether future state or federal health or environmental regulations may render one or more of the plants uneconomic to operate.

One of the Alliance's concerns with this IRP is whether Idaho Power has sufficiently planned for the possibility that Boardman-Hemingway is energized after 2018, and whether it will have a capacity deficit within the timeframe outlined in the IRP. Aside from investing more ratepayer dollars in natural gas plants in the event Boardman-Hemingway is not available as planned, we do not see from Idaho Power a comprehensive plan to replace anticipated market purchases associated with B2H in this IRP.

The Alliance understands that the data used in the development of an IRP can quickly become obsolete, but in this case the change is so significant that we recommend the Commission order an update well in advance of the next IRP in 2015. That is particularly important given the Company's intent to invest further in coal assets that we believe may become uneconomic to operate before the next IRP.

## **COAL PLANTS**

As the Commission is aware, the Alliance does not support continued Idaho Power investments in its coal assets unless it has negotiated a strategy to eventually divest those plants in a prudent and well-planned manner. That being the case, we do not support the proposed commitment to install dry sorbent injection emission-control technology, nor selective catalytic reduction emission-control technology at Idaho Power coal assets at North Valmy Unit 1 and Jim Bridger Units 3 and 4. Our position is outlined in our testimony in IPC-E-13-16, and we will not burden the Commission with it here. However, events subsequent to the filing of IPC-E-13-15 as well as IPC-E-13-16 have shown that the coal plant assumptions contained in IPC-E-13-15 have changed so much that they require another analysis. The likelihood of the retirement of one or more coal units is now greater than anticipated in this IRP, and should be reflected in an update demonstrating how Idaho Power anticipates acquiring the resources needed to meet load in the event its coal plants become uneconomic to operate relative to other resources.

In addition, Idaho Power's coal plant analyses assume that any replacement resource from a retired coal plant must be a similarly sized plant located where the coal plant was located.

What we have seen in other states and regions is that such generation, when required, can be deployed in a strategic distributed generation fashion. Idaho Power has not attempted to analyze this possibility, as far as we can determine from this analysis. We do not see evidence that distributed generation was thoroughly examined as a potential resource.

This IRP, like those before it, attaches a carbon adder to the assumptions in its resource stack. While sometimes useful, such an adder excludes the use of another mechanism, such as a cap on carbon emissions, which may be imposed instead of an adder in order to reduce carbon emissions. Should such a reduction mechanism be employed rather than an adder, a carbon adder becomes less relevant and the actual emissions from a power plant become the issue that utilities may face. This possibility is not addressed in this IRP. Furthermore, this IRP fails to adequately assess the probability of NV Energy's divestment of its coal assets, including the North Valmy plant co-owned with Idaho Power. Despite the fact that this IRP is a two-year plan, it cannot be assumed that Idaho Power will have a North Valmy coal-plant partner in two years, nor can it assume that North Valmy will be in operation during the period covered by this plan.

## **TRANSMISSION**

The Alliance has recognized the potential value of the Boardman-Hemingway transmission proposal for several years and our position is unchanged, as the project has the potential to allow for a greater flow of renewable energy between markets in the Pacific Northwest, particularly with Idaho Power being summer peaking utility and utilities West of the Cascades generally experiencing their peaks during the winter.

Idaho Power's 2013 IRP assumes Boardman-Hemingway may be energized in 2018. We were concerned after reading on P. 58 of IDACORP's most recent Form 10-Q filed with the U.S. Securities and Exchange Commission that:

"The permitting-related delays and changing environmental requirements will result in increased project costs, with the magnitude of the increase depending largely on the length of the delay and the line route ultimately approved. The regulatory outcomes associated with the siting process can also affect the ultimate feasibility and cost effectiveness of the project."

And on P. 42 that:

"As it relates to the Boardman-to-Hemingway project, of which Idaho Power is the project manager, the environmental requirements for, and application of environmental regulations (particularly relating to sage grouse) to, the siting process have [sic] changed significantly since commencement of the project, increasing permitting costs. In light of the delays and siting impediments that have occurred and are expected to continue,

Idaho Power estimates that the in-service date for the Boardman-to-Hemingway line would be in 2020 or beyond. The Boardman-to-Hemingway line remains Idaho Power's preferred resource alternative. Given project delays, however, Idaho Power is conducting an enhanced review of other power supply resource options as it continues progress on the Boardman-to-Hemingway line."

This appears to add to the uncertainty regarding the Boardman-Hemmingway project. With regard to the Gateway West transmission line – or at least Idaho Power's anticipated share of it, other utilities (PacifiCorp and the Bonneville Power Administration) have expressed a need for additional transmission capacity, but Idaho Power has not yet demonstrated a compelling reason why its customers should participate in the venture. Gateway West has been fraught with regulatory and other problems since its inception and continues to be. Unless its proposed developers can demonstrate a need for Gateway West that directly benefits Idaho Power customers, and unless siting and similar issues are resolved by the state of Oregon, we recommend that the Commission continue to treat it as an uncommitted resource.

Combined, the uncertainty surrounding both of these transmission projects is cause for concern. The Commission should be concerned about the timeliness of the completion of the Boardman-to-Hemingway line, and the impacts of what a delay until "2020 or beyond" would mean to this IRP and its anticipated resources to meet new load growth.

## **ENERGY REQUIREMENTS**

On Nov. 4, 2013, Idaho Power filed Case No. IPC-E-13-21, seeking "Approval of the Capacity Deficiency to be Utilized in the Surrogate Avoided Resource ("SAR") Avoided Cost Methodology."

Idaho Power's 2013 IRP projects a capacity deficit beginning in 2016, which is also reflected in the Application in IPC-E-13-21. However, the Application in this case states on P. 4 that: "Updating the peak-hour deficits shown above in Table 2, which are updated for the most current load and cogeneration and small power forecast, with up to 440 MW of Idaho Power demand response programs results in the peak-hour deficits shown below in Table 3, with the first deficit occurring in July of 2021."

The Alliance recommends that the Commission direct Idaho Power to reconcile the difference between the peak-hour deficit of 2016 as referenced in this IRP and also the projected peak-hour deficit of 2021 reflected in IPC-E-13-21. As the Commission and Idaho Power recognize, there is a significant difference between the two, and while it could not have been reflected in the original 2013 IRP filing, the IRP must be adjusted to reflect the information contained in Table 3 (Peak-Hour Surplus/Deficit Charts) referenced above.

## **SHOSHONE FALLS UPGRADE**

While we generally support zero-carbon supply side resources that are developed in a way that minimizes environmental impacts, the Shoshone Falls Upgrade raises questions. We're aware that this project has been under consideration for several years. However, Idaho Power is not deficient in energy and certainly not in hydroelectric power, as it accounts for nearly one-half of its generation portfolio. As this IRP states many times, however, Idaho Power expects deficits during its summertime peak demand periods. The power plant at Shoshone Falls is not normally a reliable summertime peak power producer due to summertime diversions for agricultural purposes, so we are unsure about the value of this investment to Idaho Power customers at the present time and would like to see an analysis of how a new turbine at Shoshone Falls helps Idaho Power meet its peak requirements.

## **SOLAR POWER**

The Alliance believes Idaho Power has miscalculated both the energy value but also the economic value of solar energy. The Commission is well aware of the differences between Idaho Power and its customers and the solar PV community. The Alliance echoes the comments made by both in this case as well: The Commission must take note of the changes in this industry and its impacts on future electricity planning. More important, the Commission must evaluate the models employed by Idaho Power in its cost allocations for purposes of this IRP. We believe Idaho Power's failure to calculate the costs of customer-installed solar PV, particularly on residential rooftops, renders the resource evaluations as reflected the tables on Pages 66 and 67 (as well as elsewhere in a narrative form).

Commissioners know this issue was discussed at length during meetings of the IRPAC to prepare this IRP. Commissioners should also know that there was no resolution during these discussions. We recommend that the Commission direct stakeholders, including our investor-owned utilities, to reconcile these differences. Any attempts to construct a resource stack that is not based on what we consider adequate information (cost of customer-installed and customer-financed resources such as such as solar PV generation brings not only the IRP but also projections for various energy resources into question.

## **DEMAND SIDE MANAGEMENT**

The Alliance appreciates that Idaho Power has made progress in expanding its energy efficiency programs. However, we are concerned about Idaho Power's commitment (or lack thereof) to the funding of the Northwest Energy Efficiency Alliance (NEEA) and its work across the region. The Commission deserves and should expect a response from Idaho Power regarding its intentions for NEEA funding.

## RISK

The Snake River Alliance is concerned about the impacts that Idaho Power's proposed coal-plant upgrades will have on its customers, and those concerns are expressed in more detail in our testimony in IPC-E-13-16. We believe the risks associated with this investment proposal – and they are considerable – must be considered as always as the Commission deliberates the relative risk that should be assigned to ratepayers and to shareholders.

Respectfully submitted,



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